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Viewing cable 04BRUSSELS1870, EU/CYPRUS: DEVELOPING THE EU'S POST-REFERENDA

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Reference ID	Created	Released	Classification	Origin
04BRUSSELS1870	2004-04-28 14:37	2011-08-30 01:44	CONFIDENTIAL	Embassy Brussels

Appears in these articles:

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C O N F I D E N T I A L SECTION 01 OF 03 BRUSSELS 001870

SIPDIS

E.O. 12958: DECL: 04/28/2014

TAGS: [PREL](#) [EAID](#) [CY](#) [TU](#) [EUN](#) [USEU](#) [BRUSSELS](#)

SUBJECT: EU/CYPRUS: DEVELOPING THE EU'S POST-REFERENDA
APPROACH

Classified By: USEU External Affairs Officer Andrew Erickson
for reasons 1.5 (b) and (d).

SUMMARY

¶1. (C) April 28 COREPER discussion on defining the Green Line for the European Union focused on the extent to which the Green Line is a barrier and to what extent it will be a border. Roughly speaking, our contacts report that the Greek Cypriots would like a barrier without the political characteristics of a border; the Commission and other Council members have been more open to the mix of barrier and border, with those in favor of rewarding Turkish Cypriots advocating a minimal barrier to the passage of people, goods, & services. Under EU procedures, the Commission would have the authority to develop implementing procedures for the Green Line; with COREPER still in session April 28 at the time of this writing, Greece is threatening to veto any COREPER decision not giving the Council oversight of the final dispositions of the Green Line (and thus a Greek Cypriot voice to define the political parameters).

¶2. (C) The debate on disbursement modalities for the EU's package for northern Cyprus has yet to be engaged. The Council has endorsed the Commission's disbursement of a 259 million euro assistance purse in the north. On the other hand, because the previous package was predicated on a Cyprus settlement, the Commission has now been tasked with coming up with a new financial instrument to define the disbursement. This new financial instrument will need to be approved by the Council at 25 and the European Parliament. The Commission prefers an approach including a Commission office in northern Cyprus, and disbursement with a maximum degree of autonomy from the Republic of Cyprus. But discussions on the Commission's approach in the Council are expected to be

difficult, given Republic of Cyprus involvement. Separately, RELEX Commissioner Patten told us April 27 that the money will certainly be spent, although the modalities remain to be decided. Patten also predicted that Turkey would get a positive Commission "avis" to open accession talks in December. End summary.

The new Green Line:
Border and Barrier?

13. (C) A senior Commission official on April 28 reviewed the Cyprus Green Line discussion in the COREPER (The EU's highest sitting Brussels body: the Committee of Permanent Representatives). The COREPER is still meeting at the time of this writing. Our interlocutor told us that the focus of COREPER's discussion is defining the terms upon which EU rules would be promulgated and implemented in relation to the Green Line. The assumption before the failure of the referendum was that this discussion would focus on validating the Annan Plan's approach to the Green Line; since April 24, the debate has shifted to the extent to which the Republic of Cyprus gets in-put into the Commission's drafting of the rules governing the Green Line.

14. (C) The COREPER discussion is now focused on the parameters of the Green Line as a demarcation of the EU's frontier with an area in which the *acquis communautaire* (EU law & regulation) do not apply. The crux of the matter for the EU is the status of the Green Line. The UK has proposed changes to the Green Line rules that would make the demarcation more permeable and its dispositions more favorable to the Turks. The Greek Cypriot position is that the Green Line must not be a border (for this would imply recognition of "TRNC" sovereignty) but must remain a barrier. For those seeking to reward the Turkish Cypriots for their support of reunification, the Green Line must take on some characteristics of a border while losing its aspect of a barrier to the free flow of people, goods, and services. This is a tricky mix.

15. (C) Our contact reported that Enlargement Commissioner Verheugen is happy with the UK proposed changes to the Green Line rules, but believes that the EU could go further in the direction of the Turkish Cypriots. We understand that this is unlikely, and that the preferred position of the Commission is now to leave current rules in place or else limit discussion to the immediate question of free passage of persons, thus "splitting" the legislation.

16. (C) Typically, the Commission would then be tasked with drafting the implementing rules for the passage of goods and services without the interference of the member states. In this case, however, we have been told that Greece at COREPER is holding out for a Republic of Cyprus voice approving whatever the Commission drafts. The Commission opposes this, but the decision on this issue rests with COREPER ambassadors working on the basis of consensus (which until May 1st includes Greece but excludes Cyprus).

Carrots for the North

17. While the 259 million euro Commission package for Cyprus has been blessed by the Council, the modalities for disbursement remain open. Though even Papadopoulos is on the record that it is appropriate that the money be spent in Northern Cyprus, there is a major difference of approach between Commission and Council (including Cyprus). The Commission wants to be able to disburse independently of Cyprus authority. Verheugen spoke to the European Parliament on April 27, stating that the Commission would now have to establish an office in Northern Cyprus, as the financial package for assistance would be too great to manage through the UN. Verheugen's Cyprus Adviser (strictly protect) told us April 28 that Verheugen hasn't really formulated an approach yet, but simply doesn't want Cypriot control over his policy process in the "TRNC". In his remarks to Parliament, Verheugen rejected allegations that an office in northern Cyprus would imply recognition of the Northern Cypriot government, comparing the Cypriot case with Taiwan, where the Commission has effective cooperation without formal recognition of Taiwan.

17. Verheugen's challenge is that Cypriot President Papadopoulos wants a hand in deciding how the money will be spent in the north, and according to Verheugen's Cyprus adviser, once the Commission develops its new financial instrument for use in northern Cyprus, both the Council (by consensus at 25) and the European Parliament through its standard budgetary approval process will have to endorse whatever Verheugen proposes. This virtually guarantees that Republic of Cyprus redlines will be asserted and protected in the Council.

Wary on Sovereignty

18. Our Council and Commission interlocutors continue to express extreme wariness about offering the "TRNC" any of the accoutrements of sovereignty. "TRNC President" Denktash is still in power, and one key Solana advisor told us April 24 that the worst case development for the EU would be a "TRNC" candidacy for accession. The EU's legal experts rule out such a possibility, however, since all EU members recognized the indivisible borders of the united Cyprus through the Accession Treaty, which governs the terms of their political union with each other. Indeed, Enlargement Director Matthias Ruete, speaking to EUR/PDAS Ries on April 26 said that the accession treaty of union precluded recognition of the "TRNC" by EU members.

RELEX Commissioner Patten

19. Speaking informally at a NGO social event April 27, RELEX Commissioner Chris Patten told us the Commission is still trying to figure out how to spend money in Northern Cyprus. Patten expects the Commission to open an office to oversee EU assistance. (Patten didn't even bother to mention Greek Cypriot opposition to this prospect.) While there will be legal hurdles to managing the process, Patten was confident the Commission would find a way, he said.

110. Patten doubted the Greek Cypriots could openly oppose any efforts to disburse money in the north, noting that they were "on their heels" diplomatically after their blatant efforts to stifle opposing views on the referendum. (Note: Other Council and Commission interlocutors share this view. End note.) Despite expected opposition from Greek and Cypriot parliamentarians, Patten was confident the Commission would easily gain Parliamentary approval for spending in Northern Cyprus; he expressed no opinion about whether such funding could be directed through "TRNC" entities, which we have heard is the crux of the current debate inside the Council.

11. Finally, on Turkey's accession bid, Patten told us the Commission has no other option but to give a positive avis to begin accession negotiations based on Turkey's technical merits. Still, he said the political climate in Europe is not receptive to Turkey's candidacy. He viewed the opposition of conservative parties in Germany and Spain as the most serious obstacles to Turkish admission. (Comment: Patten's inclusion of the Spanish opposition among the nay-sayers is a new one for us. EU insiders generally include France, Germany, Austria, and the Netherlands as the core group of Euro Turcophobes. Patten's inclusion of the Spanish opposition is particularly odd given that its ability to influence the decision on Turkey is extremely limited, so far as we are aware. End comment.)
Schnabel